GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:570
ANSWERED ON:21.10.2008
DEVELOPMENT OF COTTAGE INDUSTRIES
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the Government has any action plan (New Policy) or package for the development of cottage industries in the country;

(b) if so, the details thereof;

(c) the details of cottage industries which are likely to be covered under this policy;and

(d) the time by which the policy is likely to be implemented?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a) & (b): The development of cottage industries is primarily the responsibility of the respective State/Union Territory(UT) Governments/Administrations.The Government(in the Ministry of Micro,Small and Medium Enterprises) however,supports and supplements the efforts of the State Governments/UT Administrations through various schemes/programmes relating to credit, infrastructural development,technology upgradation,marketing,entrepreneurial development,etc.The steps taken in this direction include the implementation of the following schemes,in the country:

(i) A new scheme called Prime Minister's Employment Generation Programme (PMEGP) has been drawn up and approved for implementation from 2008-09 to 2011-12 with an estimated expenditure of Rs. 4735 crore (Rs. 4485 crore towards margin money and Rs. 250 crore towards backward forward linkages).The Scheme will be implemented through the Khadi and Village Industries Commission (KVIC),as the single nodal agency at the national level.At the State/Union Territories level,the scheme will be implemented through field offices of KVIC,State/Union Territory Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and Banks. Under this Programme, entrepreneurs can establish village/cottage industries,by availing of margin money assistance from the KVIC/ KVIBs of States & Union Territories/ DICs and loans from implementing public sector scheduled commercial Banks, selected regional rural Banks and co-operative Banks, etc., for projects with a maximum cost of Rs. 10 lakh in the service/Business category and up to Rs.25 lakh in the manufacturing sector.

(ii) Financial assistance to individual entrepreneurs/institutions is provided by KVIC for improvement of designs, quality and better packaging of products under Product Development, Design Intervention and Packaging (PRODIP) Scheme.

(iii) Financial assistance to State/Union Territory (UT) KVIBs and other eligible institutions,is provided by KVIC for setting up Common Facility Centres for providing backward forward linkages and necessary services like raw material support, skill upgradation, quality control,testing facilities,market promotion, design and product development for strengthening rural industry clusters, under the scheme of Rural Industry Service Centres.

(iv) Financial assistance to registered khadi and Village Industries institutions and State/Union Territory (UT) KVIBs for participating in exhibitions at national, zonal, state and district levels.

(v) Scheme of Product Development,Design Intervention and Packaging (PRODIP) has been launched in order to diversify and develop products under Khadi & Village Industries and also to improve the packaging of the various KVI products.

(vi) Rural Industries Service Centres Scheme (RISC), through the KVIC, for setting up of common facility centres (CFCs) to provide infrastructural support and services to such industries.

(vii) "Rajiv Gandhi Udyami Mitra Yojana" has been recently launched to provide financial assistance to selected lead agencies for promoting and supporting establishment of micro, small and medium enterprises through handholding of first generation entrepreneurs who have undergone entrepreneurship/skill development training of at least two weeks' duration or have undergone vocational training from it.

(viii) Besides,for regeneration of Traditional Industries such as khadi, village industries and coir including leather, pottery and other cottage industries, a scheme titled "Scheme of Fund for Regeneration of Traditional Industries (SFURTI)" is being implemented to make these industries more productive and competitive and to increase the employment opportunities in the rural areas of the country.

(c): Any Village Industry including Coir based projects (except those figuring in the negative list devised by KVIC,which include the industries connected with meat,manufacturing or sale of intoxicant items like Beedi/Paan/cigar/Cigarette, any industry/business connected with cultivation of crops/plantation like tea,coffee,rubber,etc.),which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of a full time artisan or worker, i.e., Capital Expenditure or workshop/workshed,machinery and furniture divided by full time employment created by the project does not exceed Rs. 1 lakh in plain areas and Rs. 1.50 lakh in hilly areas, can be established under PMEGP in accordance with the guidelines.

(d): All these schemes implemented are of general nature and implemented in a continuous manner for the period up to which the respective schemes are approved for implementation.